

FISCAL NOTE

SB 1528 - HB 1321

February 24, 1997

SUMMARY OF BILL: Amends the retirement law by increasing the benefit improvement to ten percent effective January 1, 1998. On January 1, 1994 a five percent benefit improvement increase was adopted for all active and retired members in Groups I and II, members of the superseded state retirement system, members of the superseded state teachers' retirement system and all members covered by the aged state and teacher plans.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures -	\$50,825,000 Annual Amortized Cost
Increase Local Govt. Expenditures*	\$13,068,000 Annual Amortized Cost
	\$9,460,000/Permissive Annual Amortized Cost
Other Fiscal Impact - Increased Federal/Other Expenditures -	\$6,777,000 Annual

Amortized Cost

Estimate assumes:

- Total lump sum liability to state government of \$719,600,000
- Total lump sum liability for local government employees of \$90,120,000 which is optional
- Annual amortized cost assumes a 20-year amortization of the lump sum liability
- K-12 teachers assume a 70%-30% ratio between state and local funding

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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